

FISCAL NOTE

SB 3481 - HB 3337

February 6, 2008

SUMMARY OF BILL: Enacts the "Energy Star Appliance Sales Tax Free Weekend" to occur the first weekend of October each year. Exempts from state and local sales tax certain energy efficient household items with the ENERGY STAR designation, having a sales price of \$1,500 or less, when such items are purchased by the consumer for household purposes only. Local governments are held harmless from the loss of local option sales tax revenue.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Net Impact - \$8,408,300

Increase State Expenditures - \$2,832,800

Decrease Local Revenue - \$404,700

Assumptions:

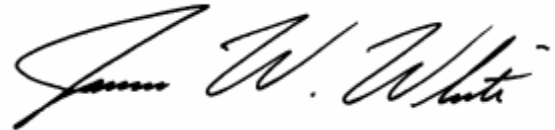
- “Household items” means refrigerators, freezers, stoves, ovens, clothes washers, clothes dryers, dishwashers, central heating units, central air conditioners, space heaters, room air conditioners, hot water heaters, dehumidifiers, humidifiers, compact fluorescent light bulbs, programmable thermostats, and doors and windows.
- The Department of Revenue estimates total retail sales for all such eligible items to be \$125,900,000 for a three-day period in October.
- The local option sales tax rate is estimated to average 2.25%.
- Absent a hold harmless provision for the loss of local option sales tax revenue, the decrease to local government revenue is estimated to be \$2,832,800 ($\$125,900,000 \times 2.25\% = \$2,832,750$) in FY08-09.
- Given the state holds local governments harmless from the loss of local option sales tax revenue, the increase to state expenditures is estimated to be \$2,832,800 in FY08-09.
- Local governments are not held harmless from the loss of state-shared sales tax revenue.
- Local governments receive a 4.5925% allocation of state sales tax revenue under current law.
- The current state sales tax rate is 7.0%.

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- The decrease of state sales tax revenue is estimated to be \$8,813,000 ($\$125,900,000 \times 7.0\% = \$8,813,000$) in FY08-09.
- The local share is estimated to be \$404,700 ($\$8,813,000 \times 4.5925\% = \$404,737$) in FY08-09.
- The net decrease to state revenue is estimated to be \$8,408,300 ($\$8,813,000 - \$404,700 \text{ local share} = \$8,408,300$) in FY08-09.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly distinguishable.

James W. White, Executive Director

/rnc